

Black Hawk County/AFSCME Council 61
Conservation Board

2002-2003
CEO 1002
SECTOR 2

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In the Matter of Interest Arbitration *
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Between * Before:
*
AFSCME Iowa Council 61 * Harry Graham
*
and *
*
Black Hawk County Conservation Board *
*

APPEARANCES: For AFSCME Iowa Council 61:

Kristi Cave
Staff Representative
AFSCME Iowa Council 61
4320 NW Second Ave.
Des Moines, IA. 50313

For Black Hawk County:

Tom Pounds
Human Resources Director
Black Hawk County
316 East Fifth St.
Waterloo, IA. 50703

INTRODUCTION: Pursuant to the procedures of the Iowa Public Employment Relations Board a hearing was held in this matter before Harry Graham. At that hearing the parties were provided complete opportunity to present evidence and argument. The record in this dispute was closed at the conclusion of oral argument in Waterloo, IA. on March 12, 2003.

ISSUES: There are two issues in dispute between the parties. These are: wages and health insurance.

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ISSUE ONE, WAGES

POSITION OF THE UNION: The Union proposes there occur two, two percent (2.0%) wage increases. These would be made on July 1, 2003 and January 1, 2004. Additionally, there would occur step increases for those employees eligible. In support of its proposal the Union relies upon a group of counties in Iowa it asserts are comparable to Black Hawk. These are, Linn, Polk, Story, Woodbury, Scott and Johnson. There are various job titles included within this bargaining unit, eg. naturalist, ranger, maintenance. When compared to their counterparts in comparable counties they tend to be paid somewhat lower. In some instances, the differences are stark. For example, a Naturalist with eight years of service in Black Hawk County is paid only \$100.00 per year than the starting wage of a comparable person in Johnson County. A starting Naturalist in Polk County earns \$3600.00 more than an eight year Naturalist in Black Hawk County. Given the low salaries of people in this bargaining unit relative to their counterparts elsewhere the standard of comparability mandates an award on its behalf the Union contends.

The Union acknowledges the Employer is less fiscally able to meet its proposal than was the case some years ago. That said, the Employer has not explicitly made an argument of "inability to pay." In fact, the difference between the

parties on the issue of wages is so small as to be almost inconsequential. As is set forth below, the wage offer of the Employer is close to that of the Union. The difference between them is \$3,065.00. An award of its wage proposal will not affect the finances of the County to any great degree.

Among the 19 bargaining unit members only 5 are eligible for step increases. The remainder will receive only the general wage increase. When viewed in its totality and giving great weight to the standard of comparability the Union contends its proposal on wages should be adopted.

POSITION OF THE EMPLOYER: The County proposes there be a two and one-half percent (2.5%) wage increase to be effective on the first day of the pay period including July 1, 2003. Those eligible for step increases would receive them under the proposal of the Employer. When examining its proposal in detail and including such step increases as will be made the proposal is equivalent to a 3.2% increase for the average employee in the bargaining unit. This exceeds the current rate of increase in the Consumer Price Index. (CPI-U).

The County does not make an explicit inability to pay argument. It does point out that its fiscal health has deteriorated in recent years. Some years ago the County constructed a new jail facility. It received prisoners from other jurisdictions as well as those from the County. Thus,

it generated revenue for the County. That revenue stream has dried up. The jail is full. In fact, the County is now sending prisoners elsewhere. Concurrent with this development is the fact that the permitted increase in annual expenditure is only \$159,740 for 2004. At the same time, the unreserved fund balance as a percent of expenditures has been rapidly eroding. It was 31% in 1997. It is projected to be 1.9% in 2003 and 2004. The finances of the County are very, very tight. It simply should not be directed to assume a wage obligation above and beyond its proposal the County contends. Thus, it seeks an award of its position on the wage issue.

DISCUSSION: This is a very strange situation. The County has multiple bargaining units and deals with several unions. All bargaining units and unions are at impasse and have resorted to interest arbitration. The potential for mischief in such a situation is obvious to the least experienced negotiator. The Employer and Unions alike have an interest in stability and commonality of terms. Their mutual desire is to avoid whipsawing. That desire is unlikely to be fulfilled in this round of negotiations. Potentially destructive consequences may follow.

At the date of hearing in this matter the parties had received one interest arbitration award. It involved the County and Public Professional and Maintenance Employees

Local 2003. The Arbitrator, Sterling Benz, awarded the wage proposal of the Employer. One award does not represent a pattern settlement. I have read Arbitrator Benz's award but do not consider it has binding precedential value. The proposals of the parties stand on their merits in this proceeding.

Among the various criteria applied to disputes of this nature, both by statute and tradition, comparability ranks high. Examination of the data presented by the Union indicates beyond susceptibility of doubt that members of this bargaining unit do not fare well on that standard. This is a strong argument on its behalf.

It is clear that the fiscal condition of the Employer has deteriorated. It is in poor financial health. Accepting its projections for 2003 and 2004 as accurate, its prospects are poor, even grim. However, the difference between the parties on the wage issue is very, very small, approximately \$3000.00. When balancing the bona-fide and well substantiated claims of the Union against the serious, but not yet disastrous financial condition of the Employer, the proposal of the Union on the wage issue must be awarded.

ISSUE TWO, HEALTH INSURANCE

POSITION OF THE UNION: Employees presently pay \$5.00 per month for single health insurance coverage and \$12.50 per

month for family coverage. The Union proposes no change be made. (The Employer has proposed certain changes in the prescription drug plan under the Preferred Provider Organization. These are acceptable to the Union and not considered in this award).

When Arbitrator Benz came to consider this issue he found on behalf of the Union. (The proposal of the Union before Arbitrator Benz was different than the proposal before me). So too should I the Union contends. The data supports its proposal as well the Union asserts. Among a group of assertedly comparable counties the health insurance premium cost is less than average in Black Hawk County. At the same time, the amount paid by single employees for coverage is exactly the seven-county average. No reason for an increase exists according to the Union.

In fact, the proposal of the Employer represents an attempt to have employees rescue the County from its past improvidence. In October, 2002 the Iowa Insurance Commissioner found the County had insufficiently funded its insurance fund. (The County is self-insured). It directed immediate steps be taken to rectify the situation. (Letter, October 21, 2002, Klete D. Geren, Iowa Insurance Commission to Grant Veeder, Black Hawk County Auditor). That the Employer insufficiently funded the insurance fund in the past

is not reason to require the large increase in premium contributions it proposes today. Thus, the Union urges no change be made in the amount employees pay for health insurance.

POSITION OF THE EMPLOYER: The County proposes increasing the amount paid by employees to \$20.00 for single coverage and \$50.00 for family coverage per month. When the Union points out that Arbitrator Benz ruled for the Union in the dispute before him, that is somewhat misleading. The Union in that dispute was proposing \$10.00 single and \$25.00 family payments by employees. Those represented a doubling from the existing rates which was found appropriate by Arbitrator Benz.

As pointed out by the Union, the insurance fund has been underfunded in the past. The County was directed by the Insurance Commission to remedy the shortfall. It must do so. One way to cope with the problem is to increase the amount of premium paid by employees.

As noted above, the County is in negotiations with its represented employees. It has proposed the same change for all. As well as represented employees, the County has non-represented employees. It is seeking to increase their payments for health insurance to \$50.00 single and \$150.00 family. An award on its behalf on this issue will help

restore solvency to the health insurance fund.

DISCUSSION: As noted above, the award of Arbitrator Benz has no precedential value in this proceeding. The figures for health insurance contributions awarded by him are not before me.

The record as shown by correspondence from the Iowa Insurance Commission demonstrates the Employer has made insufficient contributions to the insurance fund in past years. That situation must be rectified. What is unknown is what the situation would be had the Employer acted more prudently in past years. There is an element of balancing the books on the backs of employees as asserted by the Union in the proposal of the Employer.

In this situation not one single bargaining unit has as yet experienced the premium increase proposed by the Employer. There is no pattern of such increases being seen. Further, comparison data shows great variability among the amounts being paid by employees in various Iowa Counties towards health insurance premiums. Employees in Johnson, Woodbury and Dubuque Counties make no payments, either for single or family health insurance. Employees in Polk and Scott Counties make no payments for single coverage though they do make substantial payments towards family coverage. The data do not fully support the proposal of either the

Union or the Employer.

In this situation the Employer is proposing a vast increase in the amounts paid by employees towards health insurance. In each case, single or family, payments would rise 400%. There is no phased-in increase on the table before this Arbitrator. While the amounts proposed by the Employer may appear modest on a monthly basis, they represent a very large increase indeed when translated into annual amounts. This is especially the case as members of this bargaining unit cannot be regarded as being overpaid.


At arbitration it developed the Employer has authority to levy a tax to ensure solvency of its health insurance fund. No indication was given that action has occurred. Given the large premium increase being proposed, and the past inaction to maintain the fiscal integrity of the health insurance fund, the proposal of the Union must be awarded.

SUMMARY OF AWARD

ISSUE ONE, WAGES: The proposal of the Union is awarded.

ISSUE TWO, HEALTH INSURANCE: The proposal of the Union is awarded.

Signed and dated this 21st day of March, 2003 at Solon, OH.



Harry Graham
Arbitrator

CERTIFICATE OF SERVICE

I certify that on the 21st day of March, 2003, I served the foregoing Report of ^{Arbitrator} ~~Faxx-Kinder~~ upon each of the parties to this matter by (personally delivering) (X mailing) a copy to them at their respective addresses as shown below:
AFSCME Iowa Council 61, 4320 NW Second Ave., Des Moines, IA. 50301
Black Hawk County, 316 East Fifth St., Waterloo, IA. 50703

I further certify that on the 21st day of March, 2003, I will submit this Report for filing by (personally delivering) (X mailing) it to the Iowa Public Employment Relations Board, 514 East Locust, Suite 202, Des Moines, IA 50309.

Harry Graham
Harry Graham Arbitrator
(Print name) ~~Faxx-Kinder~~

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